

§ 550.39

7 CFR Ch. V (1–1–16 Edition)

General Services Administration (GSA) by the REE Agency to determine whether a requirement for the equipment exists in other Federal agencies. The REE Agency shall issue instructions to the Cooperator no later than 120 calendar days after the Cooperator's request and the following procedures shall govern.

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Cooperator's request, the Cooperator shall sell the equipment and reimburse the REE Agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Cooperator shall be permitted to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for the Cooperator's selling and handling expenses.

(2) If the Cooperator is instructed to ship the equipment elsewhere, the Cooperator shall be reimbursed by the Federal Government by an amount which is computed by applying the percentage of the Cooperator's participation in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Cooperator is instructed to otherwise dispose of the equipment, the Cooperator shall be reimbursed by the REE Agency for such costs incurred in its disposition.

(4) The REE Agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such transfer shall be subject to the following standards.

(i) The equipment shall be appropriately identified in the award or otherwise made known to the Cooperator in writing.

(ii) The REE Agency shall issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory shall list all equipment acquired with federal funds and federally owned equipment. If the REE Agency fails to issue dis-

position instructions within the 120 calendar days, the Cooperator shall apply the standards of this section, as appropriate.

(iii) When the REE Agency exercises its right to take title, the equipment shall be subject to the provisions for federally owned equipment.

§ 550.39 Equipment replacement insurance.

If required by the terms and conditions of the award, the Cooperator shall provide adequate insurance coverage for replacement of equipment acquired with Federal funds in the event of loss or damage to such equipment.

§ 550.40 Supplies and other expendable property.

(a) Title to supplies and other expendable property shall vest in the Cooperator upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federally-sponsored project or program, the Cooperator shall retain the supplies for use on non-Federal sponsored activities or sell them, but shall, in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as for equipment.

(b) The Cooperator shall not use supplies acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute as long as the Federal Government retains an interest in the supplies.

§ 550.41 Federally-owned property.

(a) Title to federally-owned property remains vested in the Federal Government. Cooperators shall submit annually an inventory listing of federally-owned property in their custody to the REE Agency. Upon completion of the award or when the property is no longer needed, the Cooperator shall report the property to the REE Agency for further Federal Agency utilization.